% of Shoppers Who Prefer Discount Stores For . . .			
Category	March 1984	Dec. 1984	Percentage-Point Change
Toys	31%	48%	+17
Casual clothes	9	21	+12
Sporting goods	19	27	+ 8
Electronics	13	24	+11
Auto supplies	13	13	—
Dressy clothes	6	10	+ 4
Domestics	NA	30	—
Children's clothes	NA	33	—

NA: Not available.
Source: DSN/Leo J. Shapiro & Associates

The percentage of shoppers who cited full-line discount stores as the preferred retailer showed a substantial increase in the December 1984 survey as compared to the previous study.

Discounters' Hold Gets Stronger

(Continued from page 14)

December compared to the percentage just nine months earlier.

These gains for discounters ranged from a four-percentage-point jump for dressy clothes from 6% in March to 10% in December, to a 17-percentage-point increase for toys, from 31% to 48%. Only auto supplies, at 13%, showed no change; 8.6 percentage points was the average gain for discounters for the six categories tracked in the two periods.

Full-line and specialty discounters' ability to maintain their low-priced image was maintained or improved at the same time these retailers boosted their status as merchants of name-brand and quality goods. This favorable situation was evident in consumers' ranking of nine shopping factors cited as the reasons why they bought in a full-line or specialty discounter.

Lowest price was the No. 1 factor in both the March and December rankings. Quality merchandise jumped from No. 4 in March to No. 2 in December, while name-brand goods remained No. 6 in both periods.

The factor with the biggest decline was buying goods as needed, without waiting for a sale, which slipped from No. 5 to No. 9 in December.

This switch in shoppers' motivation to buy in a discount store denoted the change in the retailing environment in which consumers expected to—and were able to—find a greater variety of merchandise offered at less than full price from more retailers.

This situation—especially evident during the holiday fourth quarter—resulted in discounters stepping up their promotional advertising; in turn, promotional sales as a factor in consumers shopping discounters jumped from No. 9 to No. 5 in the December ranking.

The potential long-range trend of a major jump in discounters' promotional advertising is open to question. In the holiday fourth quarter, discounters and other retailers had expected a strong sales period and they went into the Christmas season with heavy inventories. Sales in the early part of the holiday period were light, triggering major promotional efforts from most—if not all—retailers. The increased discounters' sales activities could be a reflection of the specific 1984 holiday period or a herald of a major trend; the next survey results to be released later this year could provide an answer.

The nationally projectable interim study conducted in December surveyed 450 households. The larger ongoing project polls more than 1,500 households and will be the basis for the later study.

Stores' Heightened Yule Promo Activity Didn't Change Shopper Buying Patterns

CHICAGO — Despite the heightened promotional activity of discounters and other retailers during the pre-Christmas sales period, shoppers didn't change their buying patterns at that time, according to a consumer buying study.

The study, conducted for *Discount Store News* by Leo J. Shapiro and Associates, found that full-line and specialty discounters were more aggressive in their promotional activities than competing retailers like conventional department stores and the Big Three general merchandisers, Sears, Penney and Ward.

While there were more promotional sales among all retailers, consumers didn't change their buying pattern, with only 46% of those questioned in the December period reporting visiting the store to shop the sale,

(Continued on page 85)

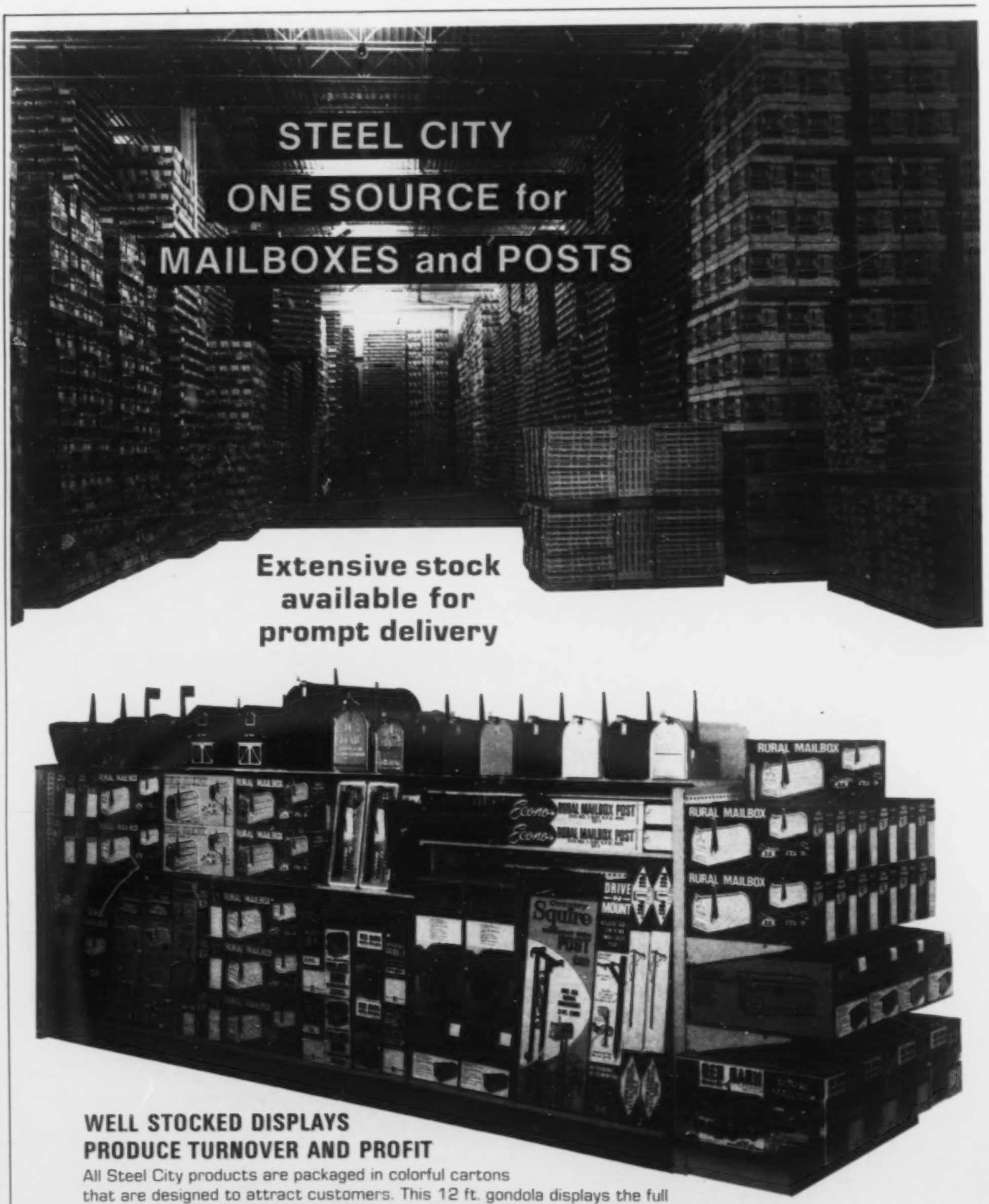
Where Consumers Learned About a Promotion[a]			
Source of Info	Full-line Discounters	Full-line Department Store	Big Three General Merchandisers
Newspaper	88%	71%	64%
Direct Mail[b]	0	15	19
At store	7	3	10
Word of mouth	8	7	3
Others	2	4	0
Don't remember	4	2	4

[a]*More than 100% due to multiple answers.*

[b]*Promotion specifically designed for mail, usually sent to store's credit card customers.*

Source: DSN/Leo J. Shapiro & Associates

Newspapers are the key source for information about promotions for all full-line retailers, but lack of a list of consumers that shop its stores has prevented discounters from using direct mail.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Data Capture in the Retail Industry (% of positive response)

	Chains Doing Under $100 Million	Chains Doing $100-$500 Million	Chains Doing Over $500 Million	Mass Merch. Stores	Dept. Stores	Specialty Stores	Comb./Grocery Stores	All Participants
POS System installed	70%	81%	84%	74%	96%	62%	93%	78%
Scanning/Wanding used at POS terminal	6	14	43	18	11	3	73	20
Scanning Technology Used:								
OCR	0	8	27	18	23	10	0	14
UPC	17	16	41	18	8	0	72	25
Magnetic	0	4	0	0	8	0	0	2
Bar Code	0	8	0	0	0	0	14	3
Several of the above	0	4	0	5	0	0	0	2
None	83	60	32	59	61	90	14	54
Key entry of the SKU number:								
Primary data capture method	86	86	64	85	83	100	27	80
Backup for scanning/wanding	5	6	18	4	4	0	45	9
Special occasions only	0	6	14	7	0	0	27	6
Do not use	9	2	4	4	13	0	0	5
Tear-off Tickets to capture unit control data	21	19	13	13	19	28	7	18
Tickets read:								
On sales floor	0	3	0	0	6	0	0	1
Store back room	4	11	14	13	17	0	11	10
Home Office D.P. Center	19	14	5	3	16	2	0	13
Service Bureau	4	0	0	0	0	4	0	1
Not used	73	72	81	83	61	69	89	75
POS System to be installed in the next 18 months:								
OCR	0	2	0	3	0	0	0	1
UPC	9	6	17	16	4	0	27	10
Bar Code	6	2	3	3	0	9	0	4
Magnetic	0	2	0	0	4	0	0	1
Key entry/short SKU	18	15	10	18	15	12	7	14
Key entry/long SKU	3	0	7	2	4	3	0	3
Other	0	0	0	0	0	0	0	0
POS not planned	21	4	7	8	8	19	0	10

Source: Arthur Young

MIS Areas

(Continued from page 2)

paced most of the other groups of retailers polled: 15% of the department stores, 41% of the specialty stores and 60% of the combo/grocery stores said they would enhance or develop store-level systems in the next two years.

That the trend has accelerated significantly for retailers to integrate MIS into their overall business strategies was underscored with eight out of 10 of those chains polled reporting they have a written plan for MIS activity. Additionally, 71% of the retailers noted they had established a data processing steering committee to coordinate MIS with corporate strategy as well as to disseminate information to other areas of the organizations.

See more charts, p. 87.

Overall, MIS spending for the group of 111 companies increased 18% to 0.92% of sales in the period under study—1982 to 1983—the most recent years for which figures were available.

At the same time, personnel costs during the period dropped from 0.52% of sales in 1982 to 0.39% of sales in 1983.

Shoppers

(Continued from page 15)

up one percentage point from the previous survey conducted in March.

Discounters' more aggressive promotional stance was evident from the fact that 33.2% of the shoppers heard about sales that were being run by full-line and specialty discounters; K mart sales, specifically, were noted by 14.5%.

Sales at the Big Three general merchandisers were noted by 16.2% of the shoppers surveyed, while promotions run by conventional department stores were cited by 25.8%.

As for the sales at discounters, those run by traditional discounters other than K mart were cited by 11.3% of the consumers; those by upscale discounters by 4.5%; those by catalog showrooms, 1.5%, and those by specialty discounters, 1.4%.

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MIS Areas to Be Implemented

(Continued from page 85)

Microcomputer Use in the Retail Industry

	Sales			Type of Store		
	Under $100 Million	$100-$500 Million	Over $500 Million	Mass Merch. Stores	Dept. Stores	Specialty Stores
Microcomputers are included in the operating plan*	61%	77%	87%	82%	77%	62%
MIS approval is required for micro-computer purchase*	79	65	33	33	58	46
Microcomputers are used independently of the main data processing system*	61	95	82	90	71	81
Average number of microcomputers currently installed	2	16	172	104	28	13

*Per cent responding positively.

Source: Arthur Young

MIS Department Policies (% of Companies Responding Positively)

	Sales			Type of Store		
	Under $100 Million	$100 Million-$500 Million	Over $500 Million	Mass Merch. Store	Dept. Store	Specialty Store
Produce Annual Plan:						
Internal to MIS	0%	8%	0%	0%	8%	3%
Part of firm's operating plan	36	58	77	53	58	56
Microcomputers included in plan	61	77	87	82	77	62
Word processing included in plan	30	50	70	55	46	37
MIS approval required for micro purchase	9	27	40	24	38	16
MIS approval required for word processing installation/acquisition	12	21	37	21	31	16
Companies having a data processing steering group	58	73	83	76	69	60

Source: Arthur Young

Mixed Bag of Bills Introduced in States

(Continued from page 81)

SB228 would allow retail establishments in Allegheny County to conduct business after 1 p.m. on Sundays.

SB268 would allow retail establishments in Baltimore County to be open on all the consecutive Sundays between Thanksgiving and Christmas.

Mississippi

HB130 would repeal the Sunday selling restrictions. It would allow local political subdivisions to adopt such restrictions.

SB2050 would provide for local options regarding Sunday selling restrictions.

Missouri

HB144 would allow the city of St. Louis to exempt any area of the city from the Sunday selling restrictions.

HB154 would exempt the sale of tires or automobile parts from the Sunday selling restrictions.

SB30 would allow the city of St. Louis to exempt any area of the city from the Sunday selling restrictions.

SB182 would prohibit lessors of space to retail merchants from inlcuding any requirements in a lease or similar document that the merchant must remain open on Sundays.

Reed st. James

(Continued from page 46)

Chains like Ames and Jamesway are now looking increasingly to Reed st. James to build a dress-up segment on top of their men's wear business. The brand's suit coordinates chainwide and Jamesway is running a 25-store test.

Other chains, such as Hills and Zayre, are sticking with more established lines such as McGregor to offer slacks and sportscoats.

Meanwhile, Haggar and all the Reed st. James licensees will be working to coordinate their efforts, Landau said. For fall, Haggar will offer "many more pleated numbers, more of a relaxed silhouetted in fitted slacks and wool/polyester blends instead of all-polyester or polyester/rayon blends."

"They [retailers] wanted wool," said Landau. "They don't want to buy an Arrow fitted shirt or a Jantzen sweater and put it next to polyester pants."

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Housewares Show: Pp. 25-82
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VOL. 24, NO. 7 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | APRIL 1, 1985

Packaged Software: Path To Quick Computerization

Nationwide DSN Report

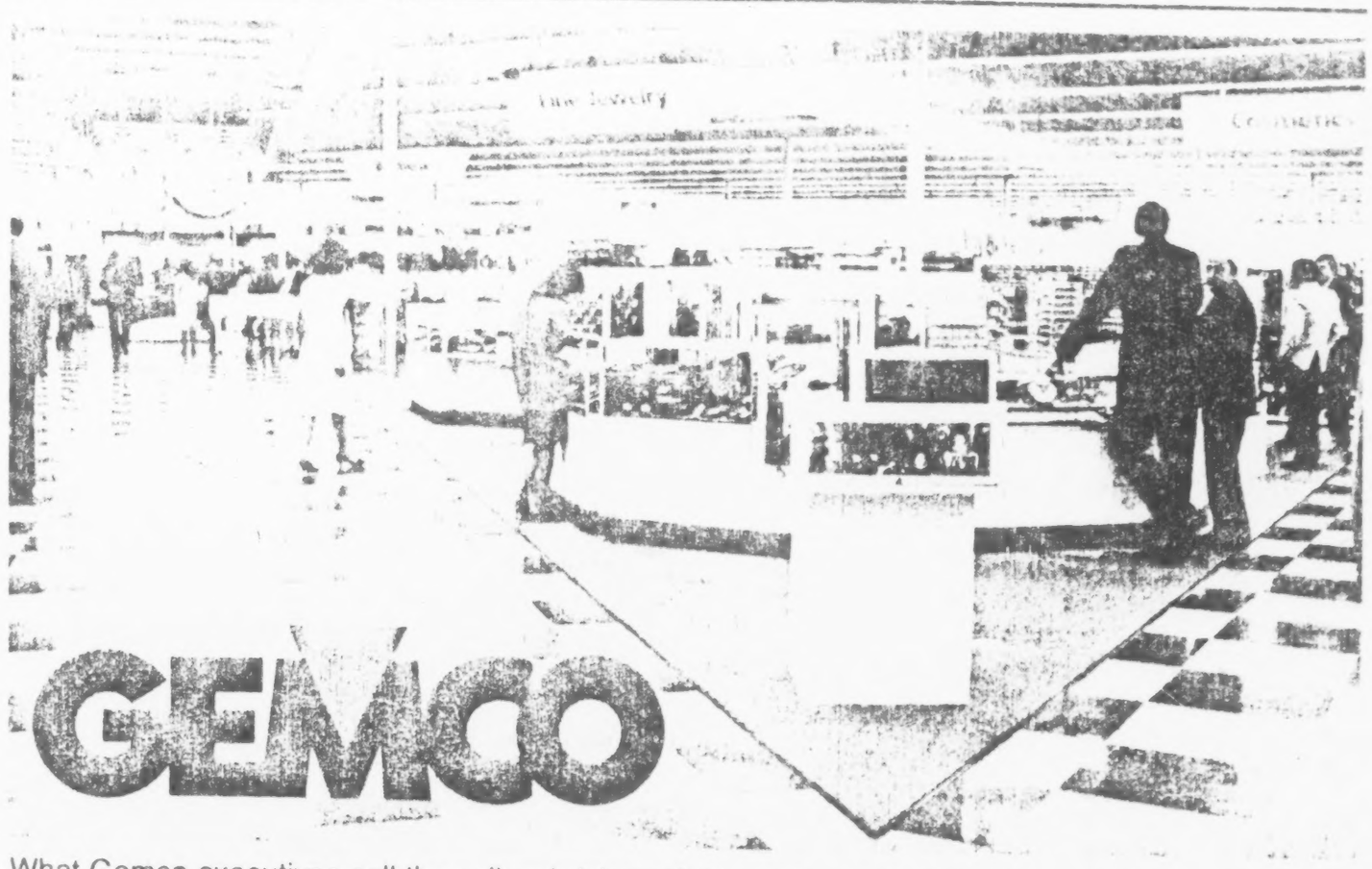
Small- and medium-sized retailers and new, start-up chains are turning to the use of packaged software programs as the quick and inexpensive way to computerize their merchandising and accounting operations.

An inclusive packaged software program that covers a broad range of accounting and merchandising functions, including dollar and unit sales, inventory control, purchase order management, etc., can be purchased for around $150,000.

However, retailers starting from scratch could take three to five years, spend $1 million to $4 million and need 15 to 20 people to develop their own similar software programs, according to Herbert J. Kleinberger, director of retail systems consulting for Price Waterhouse, who has been tracking retailers' use of packaged programs.

S. E. Nichols, Silverman's, H. J. Wilson, Pace, Michigan Sporting Goods, Bigg's, Price Savers, Rich's and Prange Way are among the growing number of retailers that turned to packaged software as the means to computerize some or all of their merchandising.

(Continued on page 113)



What Gemco executives call the yellow brick road takes shoppers down the main aisle, set at a 45-degree angle to the front door, to the supermarket area at rear. *(DSN photo)*

H. J. Wilson Nixes Buy Bid, Reportedly by Service Mdse.

BATON ROUGE, La. — H. J. Wilson seems to have turned down an unsolicited acquisition offer from an unidentified company—reportedly Service Merchandise—after discussions with that firm.

H. J. Wilson executives declined to identify the other company or the terms of its proposed offer. The cataloger's management would have to support any acquisition bid for it to be successful, as company founder, chairman and president Huey J. Wilson and his wife own about 37% of the stock and can control the voting of another 23%.

Service Merchandise chairman and president Raymond Zimmerman said he had no comment on the matter.

Over-the-counter market trading in H. J. Wilson's stock was halted on March 15, after a week of steady activity had pushed up the price to a high of 16⅜. Wilson and Gregory J. Cotter, the cataloger's senior vice president and chief financial officer, met with officials of the other company that day.

After the weekend, when trading in H. J. Wilson stock resumed on March 18, the price had dropped to around $14 a share on very active trading. The low for the year is 10⅞.

Cotter said H. J. Wilson's only comment would be the

(Continued on page 114)

New Gemco Prototype Restaged To Bolster One-Stop Shopping

By BETH A. SEXER

ROWLAND HEIGHTS, Calif. — In its newest prototype here and in Encinitas, Gemco is doing what it's never done before: sharpening its one-stop shopping capability with a restaging of its food and general merchandise areas.

Using an 80's cool pastel peach and mauve palette, wide traffic aisles of blue and white checkerboard tiles, and a hanging neon-lit center-piece toward the rear of the store (heralding the entrance to the supermarket) Gemco has put its five million active members on notice that something different is going on here.

(The merchandise is the same as at other units. Reworking the mix will go on chainwide.)

Gregg Morris, manager of

See photos, pp. 102-103.

store planning and merchandise presentation, described the effort: "This is a simple, exciting clean look. It's a calming environment, but it's not another beige store."

Market research told the chain one-third of Gemco customers shop for general merchandise only, one-third for food only and one-third for both, said David Dorman, executive vp. As a result, Gemco—with the services of the Walker Group, a New York City design firm—is trying to engineer the traffic flow so consumers can shop just for food, or just for general merchandise quickly, at the same time exposing them to as much of the store as possible.

The chain has worked steadily for the past two years on this,

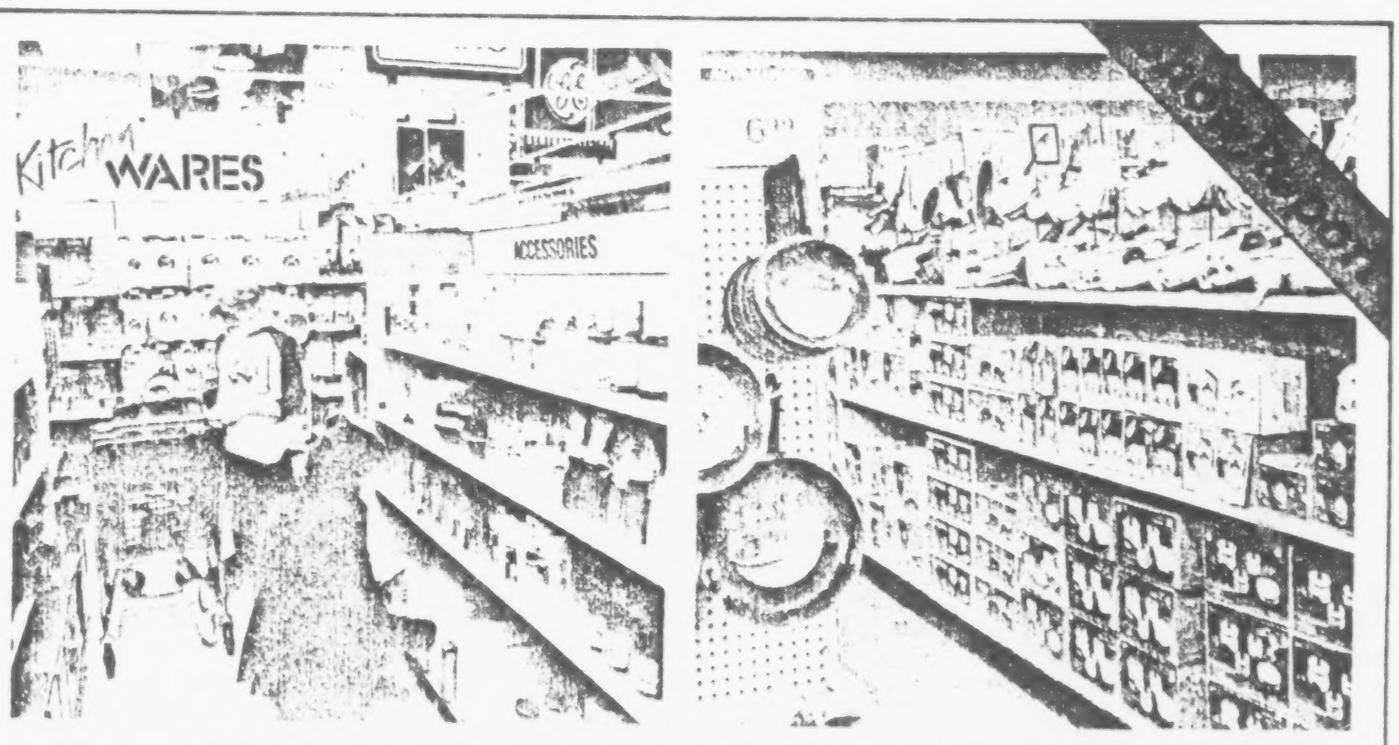
(Continued on page 113)

IN BRIEF

• **THE MOOD OF DIS**counters at the National Home center Show in Atlanta was upbeat. Buyers for major chains like K mart, Gold Circle, Heck's, Ames and S. E. Nichols said they were looking closely at new generations of space heaters, air misters, closet organizers and other items to expand their home-care programs.

• **AFTER TWO YEARS IN** operation, one of the eight Target stores in the Greater San Diego Area has closed. The unit, located at 6611 University Ave., was shuttered in mid-March and was one of 33 stores acquired from FedMart in 1982.

• **Garment Rack, the three-unit chain** K mart created in 1983 to serve as a closeout vehicle for its off-price Designer Depot operation, is being phased out, said Designer Depot director Bob Mulligan. By year's end all three 30,000-sq.-ft. units will be converted to Designer Depots.



Electrics Seen Housewares Show Star

CHICAGO — Discounters and catalogers were expecting this International Housewares Exposition to be different.

A burst of new appliances was expected to move front stage at the 82nd semiannual show, unlike the past few Chicago exhibits, at which tabletop and cookware fashion were focal points and limited new products surfaced to stimulate extra business.

Key suppliers were introducing a new wave of cordless mixers, can openers and knives; more programmable compact microwaves; under-the-cabinet food processors and toasters; lower-priced electronic blood pressure kits and scales; cordless stick vacuums, and sleek hair care items in neon colors.

Many of these products

(Continued on page 114)

Digest

April 1, 1985

PHOTO SHOW

• **Heading for the photo show,** buyers looked to broaden assortments of the 35mm autofocus rangefinder cameras they say will drive their departments this year. (Special section, pp. 89-98)

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